

Amendment No. 1 to Amendment 5 to HB2354

Turner M
Signature of Sponsor

FILED

Date _____

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Clerk _____

Comm. Amdt. _____

AMEND Senate Bill No. 2326

House Bill No. 2354*

by deleting all language following the enacting clause and by substituting instead the following:

SECTION 1. Tennessee Code Annotated, Section 67-4-1004(a), is amended by deleting the language "ten (10) mills" and by substituting instead the language "five cents (5¢)".

SECTION 2. Tennessee Code Annotated, Section 67-4-1004, is amended by deleting subsection (c) and substituting instead the following:

(c) Any wholesale dealers, jobbers, tobacco distributors, and retail dealers having cigarette tax stamps, affixed and unaffixed, in their possession on July 1, 2007, shall not be required to pay the additional cigarette tax on such stamps resulting from the increase in the tax rate from ten (10) mills to five cents (5¢) on cigarettes bearing such stamps.

SECTION 3. Tennessee Code Annotated, Section 67-4-1025, is amended by adding the following language as a new subsection (d):

(d)

(1) Notwithstanding any provision of law or this act to the contrary, the first twenty-one million dollars (\$21,000,000) of the cigarette tax revenue generated from the increase in the tax rate levied by the provisions of this act shall be allocated annually to the department of agriculture's Tennessee agriculture enhancement program;

(2) Notwithstanding any provision of law or this act to the contrary, of the remaining cigarette tax revenue generated from the increase in the tax rate levied by the provisions of this act:

(A) One-half shall be deposited in the "Grocery Sales Tax Reduction Fund". There is created a special account in the

general fund to be known as the "Grocery Sales Tax Reduction Fund". Funds in the Grocery Sales Tax Reduction Fund shall not revert to the general fund at the end of any fiscal year and shall be invested in the same manner as all other funds in the general fund are invested. Any revenue generated from investment of funds in the Grocery Sales Tax Reduction Fund shall be deposited into the Grocery Sales Tax Reduction Fund. Funds in the Grocery Sales Tax Reduction Fund shall only be appropriated and expended to hold harmless state and local governments from revenue losses incurred as a result of reductions in the sales and use tax on food; and

(B) One-half shall be deposited in the education trust fund created by title 49, chapter 3.

SECTION 4. This act shall take effect on July 1, 2007, the public welfare requiring it.